

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

CATALANOTTO, TARTARO & FUSCO, CPA's, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
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FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Strathmore Court Homeowners' Association, Inc.
Coram, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Strathmore Court Homeowners' Association, Inc. which comprise the balance sheets, as of December 31, 2020 and 2019, and the related statements of revenues, expenses and changes in fund balances, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Comparative Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This responsibility includes design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Strathmore Court Homeowners' Association, Inc., at December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

The supplementary information, Schedule of Revenue and Expenses - Budget and Actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information (except for the budget information, which we have not audited or reviewed and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on it) has been subjected to the audit procedures applied in our audit of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information.

Management has omitted the information about the estimates of future costs of major repairs and replacements that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Catalanotto, Tartaro & Fusco CPA's

Catalanotto, Tartaro & Fusco, CPA's PLLC
Nesconset, New York
March 17, 2021

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

	2020		2019	
	Operating Fund	Reserve Fund	Total	Total
	Assets			
Assets				
Cash and Cash Equivalents	\$ 320,208	\$352,309	\$ 672,517	\$445,350
Mutual Fund Investments	-0-	538,467	538,467	526,321
Homeowners Receivables, Net (Note 5)	63,610	-0-	63,610	30,771
Prepaid expenses	4,148	-0-	4,148	4,868
Furniture, Fixtures and Equipment, Net (Note 6)	-0-	32,610	32,610	39,059
Total Assets	<u>387,966</u>	<u>923,386</u>	<u>1,311,352</u>	<u>1,046,369</u>
	Liabilities And Fund Balance			
Liabilities				
Accounts Payable	51,280	-0-	51,280	20,316
Prepaid Owners Assessments	9,137	-0-	9,137	21,662
Total Liabilities	<u>60,417</u>	<u>-0-</u>	<u>60,417</u>	<u>41,978</u>
Fund Balance				
Operating Fund Balance	327,549	-0-	327,549	210,131
Reserve Fund Balance	-0-	966,270	966,270	836,644
Accumulated Other Comprehensive				
Net Unrealized Loss on Investments	-0-	(42,884)	(42,884)	(42,384)
Total Fund Balance	<u>327,549</u>	<u>923,386</u>	<u>1,250,935</u>	<u>1,004,391</u>
Total Liabilities and Fund Balance	<u>\$ 387,966</u>	<u>\$923,386</u>	<u>\$1,311,352</u>	<u>\$1,046,369</u>

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019
	Operating Fund	Reserve Fund	Total	Total
Revenue				
Common Charge	\$ 933,250	\$ 122,750	\$ 1,056,000	\$ 1,056,019
Legal Fee Recovery	43,306	-0-	43,306	53,148
Other Miscellaneous Income	10,806	-0-	10,806	19,515
Interest and Dividend Income	-0-	12,696	12,696	16,628
Total Revenue	<u>987,362</u>	<u>135,446</u>	<u>1,122,808</u>	<u>1,145,310</u>
Operating Expenses				
Community Maintenance Expenses	553,047	5,804	558,851	512,942
Clubhouse Expenses	65,280	645	65,925	65,258
Pool and Recreation	49,172	-0-	49,172	55,149
General and Administrative	189,331	75	189,406	215,581
Total Expenses	<u>856,830</u>	<u>6,524</u>	<u>863,354</u>	<u>848,930</u>
Excess of Revenues over Expenses Before Major Repairs and Replacements	130,532	128,922	249,454	296,380
Major Repairs and Replacements	<u>13,114</u>	<u>-0-</u>	<u>13,114</u>	<u>159,974</u>
Net Income/(Loss)	<u>117,418</u>	<u>128,922</u>	<u>246,340</u>	<u>136,406</u>
Other Comprehensive Income				
Unrealized Gain/(Loss)	-0-	204	204	8,508
Comprehensive Income/(Loss)	117,418	129,126	246,544	144,914
Fund Balance, Beginning of Year	210,131	794,260	1,004,391	859,477
Fund Balance, End of Year	<u>\$ 327,549</u>	<u>\$ 923,386</u>	<u>\$ 1,250,935</u>	<u>\$ 1,004,391</u>

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		2019	
	Operating Fund	Reserve Fund	Total	Total
Community Maintenance Expenses				
Grounds Maintenance				
Landscaping Contract	\$ 195,000	-0-	\$ 195,000	\$ 195,000
Chemical Contract	41,543	-0-	41,543	41,543
Grounds Tree Removal	38,794	-0-	38,794	21,215
Depreciation	-0-	5,804	5,804	6,850
Land Recovery	3,600	-0-	3,600	11,835
Front Entrance Landscape	1,500	-0-	1,500	1,070
Debris Removal	1,000	-0-	1,000	-0-
Seed, Soil and Other Supplies	-0-	-0-	-0-	9,058
Common Area Maintenance				
Sprinkler and Irrigation System	105,102	-0-	105,102	97,490
Water	82,014	-0-	82,014	54,247
Payroll - Staff	61,189	-0-	61,189	57,284
Roofing, Siding and Other Repairs	14,618	-0-	14,618	8,824
Payroll Taxes and Related Costs	6,022	-0-	6,022	5,643
Propane	1,895	-0-	1,895	1,615
Truck, Gas and Repairs	607	-0-	607	1,035
Inspection Survey	146	-0-	146	125
Small Tools	17	-0-	17	108
Total Community Maintenance Expenses	553,047	5,804	558,851	512,942
Clubhouse Expenses				
Utilities				
Electric	13,247	-0-	13,247	14,814
Gas	7,073	-0-	7,073	7,284
Cable	1,757	-0-	1,757	1,895
Repairs and Maintenance				
Alarm Monitoring and Electric	18,437	-0-	18,437	16,361
Powerwashing	10,160	-0-	10,160	-0-
Cleaning Supplies	5,854	-0-	5,854	9,155
Refuse Removal	3,999	-0-	3,999	3,810
Snow Removal	2,100	-0-	2,100	2,875
Exercise Equipment	1,298	-0-	1,298	3,579
Depreciation	-0-	645	645	761

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019
	Operating Fund	Reserve Fund	Total	Total
Plumbing, Heating and Air Conditioning	533	-0-	533	2,511
Roof	295	-0-	295	250
Carpentry	-0-	-0-	-0-	750
Game Room	-0-	-0-	-0-	518
Gate System	-0-	-0-	-0-	-0-
Total Clubhouse Expenses	65,280	645	65,925	65,258
				Pool and Recreation
Materials, Supplies and Other	48,648	-0-	48,648	50,057
Licenses, Permits & Fees	400	-0-	400	1,950
Minor Repairs	69	-0-	69	2,323
Committee	55	-0-	55	819
Total Pool and Recreation	49,172	-0-	49,172	55,149
				General and Administrative
Management	60,000	-0-	60,000	61,500
Legal	46,852	-0-	46,852	55,135
Insurance	30,717	-0-	30,717	31,403
Stationery, Printing and Office	8,734	-0-	8,734	11,067
Income Tax	8,473	-0-	8,473	4,671
Audit and Accounting	7,000	-0-	7,000	7,000
Postage	1,914	-0-	1,914	1,518
Computer Supplies and Internet	1,857	-0-	1,857	2,046
Auto and Travel	1,597	-0-	1,597	1,320
Telephone	1,439	-0-	1,439	1,439
Repair and Maintenance - Equipment	695	-0-	695	652
Miscellaneous	506	-0-	506	425
Dues and Permits	32	-0-	32	32
Bank Service Charges	10	75	85	25
Bad Debt Expense	19,505	-0-	19,505	37,348
Total General and Administrative	189,331	75	189,406	215,581
 Total Expenses	 856,830	 6,524	 863,354	 848,930

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019
	Operating Fund	Reserve Fund	Total	Total
Major Repairs and Replacements				
Sealing Project	13,114	-0-	13,114	12,557
Concrete Repairs	-0-	-0-	-0-	52,225
Asphalt Driveways	-0-	-0-	-0-	42,225
Tennis/Basketball Court	-0-	-0-	-0-	26,500
Furniture and Equipment	-0-	-0-	-0-	15,203
Outdoor Signs	-0-	-0-	-0-	6,919
Cameras	-0-	-0-	-0-	4,345
Fire Alarm	-0-	-0-	-0-	-0-
Total Major Repairs and Replacements	\$13,114	\$ -0-	\$13,114	\$ 159,974

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		2019	
	Operating Fund	Reserve Fund	Total	Total
Cash Flows from Operating Activities				
Comprehensive Income/(Loss)	\$117,418	\$129,126	\$246,544	\$144,914
Adjustments to Reconcile Comprehensive Income to Net Cash Provided by Operating Activities				
Depreciation	-0-	6,449	6,449	7,611
(Increase)/Decrease in:				
Homeowners' Receivables, Net	(32,840)	-0-	(32,840)	5,395
Prepaid Expenses	720	-0-	720	(587)
Increase/(Decrease):				
Accounts Payable	30,965	-0-	30,965	3,257
Prepaid Owners Assessments	(12,525)	-0-	(12,525)	7,883
Net Cash Provided By/(Used In) Operating Activities	<u>103,738</u>	<u>135,575</u>	<u>239,313</u>	<u>168,473</u>
Cash Flows From Investing Activities				
Purchases of Mutual Funds	-0-	(11,942)	(11,942)	(15,009)
Unrealized Gains	-0-	(204)	(204)	(8,508)
Net Cash Used In Investing Activities	<u>-0-</u>	<u>(12,146)</u>	<u>(12,146)</u>	<u>(23,517)</u>
Increase/(Decrease) in Cash and Cash Equivalents	103,738	123,429	227,167	144,956
Cash and Cash Equivalents, Beginning of Year	216,470	228,880	445,350	300,394
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$320,208</u>	<u>\$352,309</u>	<u>\$672,517</u>	<u>\$445,350</u>
Supplemental Information:				
Income Taxes Paid	\$8,473	\$ -0-	\$8,473	\$ 4671

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

Note 1 – Nature of Organization

Strathmore Court Homeowners' Association, Inc. (the "Association") was organized under Section 402 of the Not-for-Profit Corporation Law on May 23, 1973 in the State of New York. The Association provides certain services to 440 residential units within the community, including preservation and maintenance of clubhouse, grounds, and related facilities. This was accomplished in 2020 and 2019 through the use of a management company. Common charges are assessed on homeowners through the Association to pay for the common area costs.

Note 2 – Summary of Significant Accounting Policies

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund- This fund is used to account for financial resources available for the general operations of the Association. The operating fund derives its revenue from common charges made on a monthly basis by unit owners. All expenses related to management, maintenance of common area grounds, operations of the clubhouse, recreation facilities, and activities of the Association are paid from this fund.

Reserve Fund- This fund represents expendable resources, including principal and income, which have been restricted for specific purposes by the Board of Directors. These funds must be used in accordance with Board of Directors directives and restrictions. The reserve fund is subdivided into two funds; a common area fund and a capital improvements fund.

The Purpose of the reserve is to provide funding for major future repairs and replacements and for unexpected contingencies of a capital nature. It is planned that the Reserve Fund will derive its revenue principally from a general allocation from the Operating fund, and interest earned thereon. These funds are kept in separate bank and/or investments accounts.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities to the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Association considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Member Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are thirty days or more delinquent. Any excess assessments at year-end are retained by the Association for use in the succeeding year.

Long -Lived Assets

Accounting Standard Codification 260-10 "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of" requires long-lived assets to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Management believes that no impairment has occurred.

Furniture, Fixtures and Equipment

Furniture, fixtures and equipment are stated at cost less accumulated depreciation. Depreciation of real and personal property is computed using the straight-line method over their estimated useful lives. Equipment and improvements that constitute part of the commonly owned properties are charged directly to operations or to the reserve fund.

Income Taxes

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code 528 for the year ended December 31, 2020. Under the section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance and care of the Association property. Net nonexempt income, which includes earned interest and revenue received from nonmembers, is taxed at 30% by the federal government and at 6.5%, subject to a fixed dollar minimum tax, by New York State.

The Financial Accounting Standards Board ("FASB") issued the Accounting Standards Codification ("ASC") to serve as the single source of authoritative Generally Accepted Accounting Principles ("GAAP"). FASB released FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48") which is now recognized as ASC 740. ASC 740 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Association's tax returns to determine whether the tax positions are "more likely-than-not" of being sustained upon examination by the applicable tax authority.

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

Tax positions that are not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year; and are applied to all open tax years as of the effective date.

Based on its continued analysis, the Board of Directors has determined that the adoption of ASC 740 is not applicable to the Association's financial statements as there are no positions taken that would require recording a tax expense. However, the Board of Director's conclusions regarding ASC 740 may be subject to review and adjustment at a later date based on the on-going analysis of tax laws, regulations and interpretations thereof and other factors.

Note 3 – Concentration of Credit Risk

The Association has concentrated its credit risk for cash by maintaining deposits in various financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Depository Insurance Corporation (the "FDIC"). The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash. At December 31, 2020 and 2019 the amounts of cash in excess of insured amounts equaled \$67,208 and \$ 0, respectively.

Note 4 – Fair Value Measurements and Disclosure

FASB ASC 820 provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 inputs are unobservable and are typically based on the Associations own assumptions, including situations where there is little, if any market activity.

Note 4 – Fair Value Measurements and Disclosure (continued)

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

The following tables present the Association's financial assets measured at fair value on a recurring basis as of December 31, 2020 and 2019 classified by fair value hierarchy:

<u>Asset Category</u>	Level 1	Level 2	Level 3	Total
			<u>2020</u>	
<u>Available for Sale:</u>				
Short-Term Bond Fund	\$ <u>538,467</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>538,467</u>
			<u>2019</u>	
<u>Available for Sale:</u>				
Short-Term Bond Fund	\$ <u>526,321</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>526,321</u>
			<u>2020</u>	<u>2019</u>
Total Cost- December 31,		\$ 581,351	\$ 568,705	
Accumulated Unrealized (Loss)		<u>(42,884)</u>	<u>(42,384)</u>	
Fair Market Value-December 31,		<u>\$ 538,467</u>	<u>\$ 526,321</u>	

Note 5 – Assessments Receivable

Assessments receivable consists of delinquent amounts due from residents at the balance sheet date. As of December 31, 2020, and 2019, assessments receivable were \$128,764 and \$255,422, respectively. There is an allowance for doubtful accounts of \$65,154 and \$224,651 at December 31, 2020 and 2019, respectively.

December 2020 and 2019, prepaid maintenance fees were \$9,137 \$21,662, respectively.

Note 6 – Investing Activities

Investing activities shown on the statements of cash flows consist of the following:

	<u>2020</u>	<u>2019</u>
Reinvested & Dividend Income in Mutual Funds	\$ 11,942	\$ 15,009
Unrealized (Gain)/Loss in Mutual Funds	<u>204</u>	<u>8,508</u>
	<u>\$ 12,146</u>	<u>\$ 23,517</u>

Note 7 – Furniture, Fixtures and Equipment

The details of furniture, fixtures and equipment as of December 31, are as follows:

	<u>2020</u>	<u>2019</u>
Furniture, fixtures and Equipment	\$ 151,000	\$ 151,000
Less: accumulated depreciation	<u>(118,390)</u>	<u>(111,941)</u>
	<u>\$ 32,610</u>	<u>\$ 39,059</u>

Depreciation expense for 2020 and 2019 was \$6,449 and \$7,611, respectively.

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 8 - Common Charges

Common charges are based on an annual budget as adopted by the Board of Directors. Excess common charges at the end of the year are retained by the Association for use in the succeeding year or years.

There was a \$0 and \$15 monthly fee increase of the 2020 and 2019 common charges, respectively.

Common fund contributions were \$95,500 and \$78,000 for December 31, 2020 and 2019, respectively.

Project fund contributions were \$27,250 and \$21,000 for December 31, 2020 and 2019, respectively.

Note 9 - FASB ASV 606 New Accounting Guidance Implementation

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, "Revenue from Contracts with Customers", in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605 "Real Estate-Common Interest Realty Associations, Revenue Recognition", and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services.

The Association adopted the new guidance as of January 1, 2020, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2020. Adoption of the new guidance resulted in changes to the accounting policies for assessment revenue and contract liabilities (assessments received in advance), as previously described.

The adoption of the new revenue recognition guidance had no material effect on prior periods.

Note 10 – Future Repairs and Replacements

The Association has accumulated funds for future repairs and replacements in separate investment accounts. These funds are not restricted and may be used for operations. If additional funds are needed to meet future repairs or replacement costs, the Board of Directors has the right to increase common charges, pass special assessments, borrow funds or delay the major repair or replacement until the funds are available.

The Board of Directors has not conducted a study to determine the remaining useful lives of components of common property and estimates of costs of major repairs and replacements that may be required in the future. Rather, cost estimates are obtained from contractors as needed. The effect on future assessments has not been determined at this time.

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 11 – Interfund Transfers

Amounts included in the interfund transfers represent amounts actually transferred between funds, in addition to amounts paid or received by one fund on behalf of another from which the monies may not actually be transferred.

Note 12 – Commitments and Contingencies

For the year ended December 31, 2020, the Association was obligated under the following annual contracts:

<u>Contract Type</u>	<u>Annual Amount</u>
Landscaping	\$ 175,000
Sprinkler	96,000
Management	60,000
Pool	50,000
Lawn Chemical	32,200
Audit	7,000

Note 13 – Date of Management's Review

The Financial Accounting Standards Board (FASB) issued guidance in ASC 855 establishing general standards for accounting and disclosure of events occurring subsequent to the date of the Balance Sheets. The Association has evaluated subsequent events through March 17, 2021, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE AND EXPENSES
BUDGET AND ACTUAL COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget (unaudited)	2020 Actual	Variance Favorable/(Unfavorable) (unaudited)
Revenue			
Common Charge	\$ 1,056,000	\$ 1,056,000	\$ -0-
Legal Fee Recovery	10,000	43,306	33,306
Other Miscellaneous Income	21,400	10,806	(10,594)
Interest and Dividend Income	7,000	12,696	5,696
Total Revenue	<u>1,094,400</u>	<u>1,122,808</u>	<u>28,408</u>

Expenses

Community Maintenance Expenses

Grounds Maintenance

Landscaping Contract	194,000	195,000	(1,000)
Chemical Contract	40,300	41,543	(1,243)
Grounds Tree Removal	50,000	38,794	11,206
Land Recovery	8,000	3,600	4,400
Front Entrance Landscape	2,000	1,500	500
Debris Removal	14,000	1,000	13,000
Depreciation	-0-	5,804	(5,804)
Seed, Soil and Other Supplies	11,000	-0-	11,000
Additional Clean-Up	10,000	-0-	10,000
Gas-HVAC	3,000	-0-	3,000
Seasonal Plantings	2,000	-0-	2,000

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE AND EXPENSES
BUDGET AND ACTUAL COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget (unaudited)	2020 Actual	Variance Favorable/(Unfavorable) (unaudited)
Common Area Maintenance			
Sprinkler and Irrigation System	110,350	105,102	5,248
Water	55,000	82,014	(27,014)
Payroll - Staff	57,000	61,189	(4,189)
Roofing, Siding and Other Repairs	8,300	14,618	(6,318)
Payroll Taxes and Related Costs	7,500	6,022	1,478
Propane	3,000	1,895	1,105
Truck, Gas and Repairs	1,000	607	393
Inspection Survey	300	146	154
Small Tools	100	17	83
Consumables	500	-0-	500
Electric	500	-0-	500
Total Community Maintenance Expenses	<u>577,850</u>	<u>558,851</u>	<u>18,999</u>

Clubhouse Expenses

Utilities

Electric	16,000	13,247	2,753
Gas	10,000	7,073	2,927
Cable	2,000	1,757	243

Repairs and Maintenance

Alarm Monitoring and Electric	15,900	18,437	(2,537)
Powerwashing	-0-	10,160	(10,160)
Cleaning Supplies	13,100	5,854	7,246

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION
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FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget (unaudited)	2020 Actual	Variance Favorable/(Unfavorable) (unaudited)
Refuse Removal	3,800	3,999	(199)
Snow Removal	5,000	2,100	2,900
Exercise Equipment	1,000	1,298	(298)
Plumbing, Heating and Air Conditioning	1,600	533	1,067
Exterminating	1,300	527	773
Roof	300	295	5
Depreciation	-0-	645	(645)
Finger Print System	1,600	-0-	1,600
Gate System	1,200	-0-	1,200
Carpentry	600	-0-	600
Painting	600	-0-	600
Electrical	600	-0-	600
Game Room	400	-0-	400
Total Clubhouse Expenses	<u>75,000</u>	<u>65,925</u>	<u>9,075</u>
Pool and Recreation			
Materials, Supplies and Other	47,700	48,648	(948)
Licenses, Permits & Fees	900	400	500
Minor Repairs	1,500	69	1,431
Committee	6,000	55	5,945
Total Pool and Recreation	<u>56,100</u>	<u>49,172</u>	<u>6,928</u>

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION
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FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget (unaudited)	2020 Actual	Variance Favorable/(Unfavorable) (unaudited)
General and Administrative			
Management	66,000	60,000	6,000
Legal	65,000	46,852	18,148
Insurance	54,000	30,717	23,283
Stationery, Printing and Office	10,900	8,734	2,166
Income Tax	7,500	8,473	(973)
Audit and Accounting	8,000	7,000	1,000
Postage	3,500	1,914	1,586
Computer Supplies and Internet	3,500	1,857	1,643
Auto and Travel	1,600	1,597	3
Telephone	1,500	1,439	61
Repair and Maintenance - Equipment	1,300	695	605
Miscellaneous	800	506	294
Bank Service Charges	1,000	85	915
Dues and Permits	300	32	268
Bad Debt (Recovery)/Expense	75,000	19,505	55,495
Advertising	500	-0-	500
Vandalism	250	-0-	250
Total General and Administrative	<u>300,650</u>	<u>189,406</u>	<u>111,244</u>
Total Expenses	<u>1,009,600</u>	<u>863,354</u>	<u>146,246</u>

STRATHMORE COURT HOMEOWNERS' ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION
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BUDGET AND ACTUAL COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget (unaudited)	2020 Actual	Variance Favorable/(Unfavorable) (unaudited)
Excess of Revenues over Expenses			
Before Major Repairs and Replacements	84,800	259,454	174,654
Major Repairs and Replacements			
Sealing Project	15,000	13,114	1,886
Concrete Repairs	20,000	-0-	20,000
Asphalt Driveways	10,000	-0-	10,000
Furniture and Equipment	2,000	-0-	2,000
	47,000	13,114	33,886
Net Income	\$ 37,800	\$ 246,340	\$ 208,540